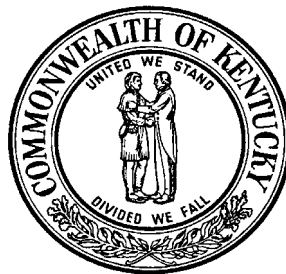


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
CLAY COUNTY CLERK**

For The Period January 6, 2003 Through May 11, 2004



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

The Honorable Freddy Thompson, Clay County Clerk
Clay County, Kentucky

We have performed the procedures enumerated below, which were agreed to by the Clay County Clerk, solely to assist you with the accountability for receipts, and deposits for the period January 6, 2003 through May 11, 2004. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Clay County Clerk. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Tie-out daily log to daily check-out sheets and compare to receipts ledger and deposits as well as supporting documentation, as deemed necessary, during selected time periods.

Finding -

We found that on May 4, 2004, there was \$600 missing from the cash drawer of one of the employees in the County Clerk's office. We examined the activity for each employee, as documented on the cash register tape. We then compared the total activity for each employee to the total money turned over to the County Clerk for that day by each employee (this is documented on a daily cash check-out sheet that is maintained by each employee and initialed by the County Clerk, accepting the employee's money for the day). The results revealed that \$600 was missing from the cash drawer of one employee. We then examined and recapped the supporting documentation of each transaction that was processed by this employee. The supporting documentation (vehicle registration certificates) agreed with the cash register tape. We then compared the total activity for all employees, as documented on the cash register tape, to the daily check-out sheet (total of all employees) and the receipts ledger. They all agreed, with the exception that the daily check-out sheet and the receipt ledger reflected the \$600 cash shortage, in order to agree with the daily deposit. The County Clerk would not initial the employee's daily cash checkout sheet for this day because he did not agree with the amount turned over to him. The employee signed the daily cash check-out sheet for May 4, 2004, stating that there was a \$600 shortage of cash for that day.

County Clerk Thompson's Response:

I, Freddy Thompson, agree with all findings in this report.



The Honorable Freddy Thompson, Clay County Clerk
Clay County, Kentucky
(Continued)

2. Procedure -

Scan receipts ledger and deposits since January 6, 2003, as deemed necessary, to determine whether a pattern of shortage or overage exists.

Finding -

We reviewed the receipts ledger, deposits, cash register tape, employees' daily cash check-out sheets, and the County Clerk's daily check-out sheet (total for all employees) on selected dates, and found that there does not appear to be a pattern of shortages or overages in the County Clerk's office. The County Clerk has implemented strong internal controls, which identify any shortages or overages, by the end of the business day. He maintains a daily cash check-out sheet for each employee, which documents the shortages or overages for the day. The results of our testing (on selected dates), agreed with the shortages or overages that were documented by the County Clerk.

County Clerk Thompson's Response:

I, Freddy Thompson, agree with all findings in this report.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Clay County Clerk and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Engagement fieldwork completed -
May 14, 2004

